

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on February 6, 1999
at 7:59 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. Ken Mesaros (R)

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action: SB 142, SB 150, SB 170

EXECUTIVE ACTION ON SB 150

SEN. GREG JERGESON SD 46, Chinook advised this bill was introduced as an attempt to allow reimbursement for rural residents transporting children to school. **SEN. JERGESON** advised the bill was amended in the Education Committee, and the amendment has caused further confusion and the bill still does not do what it was intended. **SEN JERGESON** requested the bill be considered in the original form, not amended. **SEN. JERGESON** advised the fiscal impact could pose a problem due to **CI-75**.

Motion/Vote: **SEN. KEATING** moved that **SB150 BE TABLED**. Motion carried 17-1 with Jergeson voting no.

EXECUTIVE ACTION ON SB 142

CHAIRMAN SWYSGOOD read a letter from **SEN. BARTLETT EXHIBIT(fcs30a01)**.

Motion/Vote: **SEN. WATERMAN** moved that **SB 142 BE TABLED**. Motion carried unanimously.

EXECUTIVE ACTION ON SB 170

Discussion: **CHAIRMAN SWYSGOOD** reviewed the bill with the committee and reminded them the problem was the authority to grant money would be transferred from the Legislature to the Jobs and Income Commission.

Motion: **SEN. TAYLOR** moved amendment **SB017007.acs**.

Discussion: **SEN. TAYLOR** introduced amendment **SB017007.acs EXHIBIT(fcs30a02)** and advised the amendment reverted control to the Legislature, established an emergency fund with 10% of the **Treasure State Endowment Project(TSEP)** money for emergency projects, and asked **Clayton Schenck**, Legislative Fiscal Analyst, to explain the last part as the verbiage was **CI-75** directed. **SEN. TAYLOR** also asked **Mr. Schenck** for verification on project funding, as the intent was not to allow money from the emergency fund to be used for planning projects.

Mr. Schenck advised the committee the amendments were as explained by **SEN. TAYLOR** but noted in Section two the words were added "to be appropriated to the funds". **Mr. Schenck** explained that there would be a pool of money approved by the Legislature that the Department could use in the off year and Section three

does allow an advance for the design and engineering of a project to get voter approval and the last section stated if CI-75 is ruled unconstitutional this would be void.

SEN. BECK asked **Jim Edgecomb**, manager Treasure State Endowment Program, if the intent was clear that this money was not to be used for project planning. **Mr. Edgecomb** noted this money would be used only for emergencies and not to complete projects. **SEN. BECK** asked if the 10% was not spent would the balance was carried over. **Mr. Edgecomb** concurred.

SEN. MOHL asked how the emergencies were now handled, the response from **Mr. Edgecomb** was the funds come from **DNRC** and the Governor's office. **SEN. MOHL** asked if there was a problem with the current system. **Mr. Edgecomb** stated he was unsure if there was a problem getting funds.

SEN. CHRISTIAENS asked what the average spent on emergency projects was over the last two years. **Mr. Edgecomb** had no idea. **SEN. CHRISTIAENS** noted the Governor has access to a \$2,000,000.00 fund for emergencies and he felt there was no need for this fund to be established. **SEN. LYNCH** added the dire situations mentioned have not happened and there was no problem with the current system and felt if "it ain't broke don't fix it." **Mr. Edgecomb** stated he could not argue that the fund may not be needed.

SEN. WATERMAN stated she understood from discussions in other committees the intent was to make the money available annually, and noted the projects recommended have never been changed, therefore the authority has never been utilized. **SEN. WATERMAN** spoke against the amendment and for the bill in the original form.

SEN. KEENAN thought the bill that created the Jobs and Income Commission was killed in the House, re-referred to committee and was killed in committee. **SEN. TAYLOR** advised the bill was not dead.

SEN. BECK advised he carried this bill last session and it did not pass. **SEN. BECK** then advised the need for the emergency fund would be to help cities and towns who had a problem like a sewer blowout and **DEQ** stepped in, this would give the cities and towns discretion on spending. **SEN. BECK** noted he did not want the control out of the hands of the Legislature.

CHAIRMAN SWYSGOOD understood the amendment reverted authority back to the Legislature and 10% of the **(TSEP)** grant would be set aside for emergency funds that the department could give to

communities in need of final designs for projects prior to the public approving the mill levy. **Mr. Edgecomb** advised that was incorrect and stated the 10% fund would be for emergency situations and used to for the project. **Mr. Edgecomb** added there could be a circumstance that would require some final design work before the project could be submitted to **DEQ** but the money is for emergency repair and construction. **CHAIRMAN SWYSGOOD** pointed out the wording in Section three allowed this money to be used for planning. **Mr Edgecomb** stated the 10% was for emergencies only and Section three dealt with all other **TSEP** projects. **Mr Edgecomb** noted in several cases **TSEP** money had to be used for planning because if it were not there would be no other way to begin the project. **Mr Edgecomb** stated what this bill does say is if the projects were not approved by the voters the money advanced for planning must be paid back for regular projects, not emergencies. **CHAIRMAN SWYSGOOD** questioned how the emergency money was paid back. **Mr. Edgecomb** advised it may not get paid back, and noted each situation would be evaluated using the current financial analysis formula to see if the entity requesting the money could afford to repay the grant.

SEN. LYNCH wanted to know more about the current system and asked if **DNRC** is paying now why **TSEP** money should be given away.

CHAIRMAN SWYSGOOD advised there was a situation in his area where a flood took out an irrigation canal, the canal company received \$30,000 from **DNRC** in addition to their contribution for temporary repairs to the canal. The department and the governor had to approve a grant that allowed them to fix the immediate problem and then apply at the bank for funding for permanent repairs.

SEN. LYNCH wanted to know how much money **DNRC** had available for emergency funding, **SEN. KEATING** thought there could be up to \$750,000.00 in the contingency fund and the current balance is approximately \$300,000.00.

SEN. MOHL wondered if a request for assistance would fall under the **DNRC** fund or the emergency fund, the committee discussed this and decided the emergency fund could produce a duplicate fund.

CHAIRMAN SWYSGOOD noted there are funds in a lot of agencies that are used for whatever type of emergency that department might have.

SEN. BECK advised **TSEP** grants are for sewer, water and bridge projects and do not cover the same projects of **DNRC**.

SEN. KEATING asked what the original intent of this bill was,

SEN. TAYLOR advised it was to create a funding source for projects during the Legislative interim and this was endorsed by

the Long Range Planning Committee so people did not have to wait several years before project funding. **SEN. KEATING** stated he felt the essence of the bill was still that. **SEN. TAYLOR** concurred but also noted he agreed with **SEN. WATERMAN** the bill should be kept in the original form, however he would agree to the amendment so the bill would be considered.

SEN. KEATING asked if the Legislature approved a block of money would the department have the authority to approve grants. **Mr. Edgecomb** advised currently the department has no authority, it makes a suggestion on projects to the Legislature for approval. **SEN. KEATING** asked if the department would be able to approve the grants using the 10% emergency fund without Legislative approval, **CHAIRMAN SWYSGOOD** advised that was correct.

Vote: Motion carried 16-2 with Waterman and Miller voting no.

Motion: **SEN. TAYLOR** moved that **SB 170 DO PASS AS AMENDED.**

Discussion: **CHAIRMAN SWYSGOOD** noted if the Legislature passed the **TSEP** bill with the 10% emergency funds approved there would be less money available for projects.

SEN. WATERMAN stated if that is the case then the bill does the exact opposite of what it was intended to do and she opposing the bill.

SEN. BECK rose in support of the bill and noted the 10% allocation is a one time hit and if the money was not used 10% would not be taken out again, however what was used would be replaced.

SEN. BECK asked if there was a cap on the grants and if these emergency requests were subject to the same restrictions as other grants, **Mr. Edgecomb** advised that was the case.

SEN KEATING asked what house bill appropriated the grants, **CHAIRMAN SWYSGOOD** advised it was **HB11**. **SEN. KEATING** advised the committee to pay attention to **HB11**. **Mr. Edgecomb** advised this would not take effect this biennium and would not be in the current bill.

SEN. WATERMAN asked if the bill is not effective until 2000 how would it effect the planning, **CHAIRMAN SWYSGOOD** advised the 10% would be taken out and treated as any other project. **Mr. Edgecomb** concurred.

SEN. FRANKLIN wanted clarification of the application process and the financial obligation review of the requestor. **Mr. Edgecomb** advised guidelines would be established with **DEQ's** input on the clarification of " emergency", and stated there is currently a financial analysis formula being used and that would continue.

SEN. MOHL wondered where is said there was a \$500,000.00 limit on each request. **SEN. BECK** advised it is in the original **TSEP** guidelines.

SEN. KEATING verified the 10% could be lower, and the percentage had to have Legislative approval.

CLOSING:

SEN. TAYLOR advised the committee he felt this was a start in assisting cities and town and saw no downside of this bill.

Vote: Motion carried 10-8 with **Christiaens, Mohl, Lynch, Nelson, Miller, Shea, Waterman, and Keenan** voting no. **SEN. MESAROS** vote was via proxy.

There was a considerable discussion by the committee on bills coming across the floor with a large impact on funding either immediately or in the future and the best way to handle these.

SEN. KEATING advised the committee he would amend SB 301 if the committee was interested in a sunset. **CHAIRMAN SWYSGOOD** gave the history of the grant and asked the committee what there pleasure was. **SEN. BECK** stressed he did not want to see anymore encumbering of grant money with bonds. **SEN. JERGESON** advised he had spoken with **Mr. Rao**, Chancellor MSU-Northern, and had his assurance that would not happen during his tenure. **SEN. TOEWS** noted the money would revert into the General Fund and it was not a savings. **SEN. WATERMAN** noted if the purpose was to make them equal with a land grant school who cared what they did with the money. **CHAIRMAN SWYSGOOD** noted any Legislature could pull all the grants and if MSU-Northern used the money to leverage bonds it could have serious impacts in the future. **SEN. KEATING** advised with a sunset at 2006 the money could not be encumbered any further. **SEN. BECK** thought the committee needed to verify the date the bonds would be repaid. **SEN TOEWS** noted this was a regional problem, not just a MSU-Northern problem because of the block funding. It was decided the committee would address the bill on 2/9/1999.

Adjournment: 8:55 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs30aad)